

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 L-03 H-02 PA-02 PRS-01 /099 W

----- 127076

R 242130Z FEB 76

FM AMEMBASSY KINGSTON

TO SCCSTATE WASHDC 302

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

UNCLAS KINGSTON 0817

E.O. 11652: N/A

TAGS: EFIN, JM

SUBJECT: MINISTER OF FINANCE SAYS JS WILL NOT BE DEVALUED

1. ON FEBRUARY 23 AT START OF THREE DAY BANKING SEMINAR ORGANIZED BY BANK OF JAMAICA, MINISTER OF FINANCE DAVID COORE SAID "GOVERNMENT DOES NOT PROPOSE TO USE DEVALUATION OF J DOLLAR AS STRATEGY TO DEAL WITH CURRENT ECONOMIC PROBLEMS IN COUNTRY." HE ALSO SAID THERE WOULD BE

"FREEZING" OF SAVINGS ACCOUNT. HE EXPRESSED HOPE THAT THOSE "TAKING STEPS TO HEDGE THEMSELVES AGAINST DEVALUATION" WOULD STOP AS THEY HAD NOTHING TO GAIN WHILE THE ECONOMY COULD BE DAMAGED.

2. ON THURSDAY, FEBRUARY 26, WHEN DEBATE ON SCECONDARY SUPPLEMENTARY ESTIMATES BEGINS IN PARLIAMENT, COORE SAID HE WOULD DISCUSS STRATEGY TO DEAL WITH PRESENT ECONOMIC PROBLEMS. THIS STRATEGY WOULD INCLUDE MONETARY POLICY CONTROL OF PUBLIC EXPEDITURE AND CONTROL AND REGULATION OF PRICES AND INCOME.

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2. IN REFERRING DIRECTLY TO LAST SUNDAY'S ISSUE OF GLEANER'S FINANCIAL AND BUSINESS SECTION, COORE SAID GOJ WAS "NOT NAIVE ENOUGH" TO BELIEVE AS INDICATED IN THAT NEWSPAPER SECTION, THAT FISCAL AND MONETARY POLICY WAS ONLY METHOD OF DEALING WITH COUNTRY'S ECONOMIC PROBLEMS. ECONOMY IS GOING THROUGH A "VERY TESTING TIME" AND THE YEAR AHEAD IS GOING TO BE VERY DIFFICULT ONE FOR ALL BUSINESS ACTIVITY...(AND) AN EXTREMELY DIFFICULT ONE FOR BANKING SECTOR. ANY ECONOMIC POLICY TO RELIEVE ECONOMIC PROBLEMS WILL DEPEND ON COOPERATION AND EFFICIENCY OF BANKING SYSTEM.

3. BACKGROUND PAPER FOR CONFERENCE INDICATED TEN COMMERCIAL AND FIVE MERCHANT BANKS WERE REPRESENTED WITH OVER 200 BRANCHES IN ISLAND. SOME 5,000 PEOPLE ARE EMPLOYED BY THE INDUSTRY. SEMINAR IS DESIGNED TO AID BANKING MANAGEMENT AND WILL COVER FINANCE, INFORMATION SYSTEMS, AND PERSONNEL ADMINISTRATION.

4. SPEAKING AT OPENING OF SEMINAR, G. ARTHUR BROWN, GOVERNOR OF BANK OF JAMAICA, SAID AN INSTITUTE OF BANKS WITH LIBRARY AND LUNCHROOM WAS BEING SET UP IN NEW BANK OF JAMAICA BUILDING. THE INSTITUTE WILL SERVE AS MEETING AREA WHERE BANKING REPRESENTATIVES COULD DISCUSS MUTUAL PROBLEMS.
DORRANCE

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